

# Cap-and-Trade Public Meeting

Introduction  
October 24, 2005

# Executive Order Established Statewide GHG Targets

**By 2010, Reduce to 2000 Emission Levels\***

**By 2020, Reduce to 1990 Emission  
Levels\*\***

**By 2050, Reduce to 80% Below 1990  
Levels**

\* Equals 59 Million Tons Emission  
Reductions, 11% Below BAU

\*\* Equals 145 Million Tons Emission  
Reductions, 25% Below BAU



# Other Directives in the EO

- CalEPA to Lead a Coordinated Effort
- Scenario Analysis to Evaluate Impacts on:
  - Public Health
  - Water Quality and Supply
  - Agriculture
  - Forests
  - Coastline
  - Will Include Adaptation Planning

# CAT Subgroups

- CAT Representatives and DOF, Scientists and Experts as Appropriate
- Cap and Trade Subgroup
  - Options for Climate Change Emission Cap-and-Trade Program
  - Pros and Cons
- Scenario Analysis Subgroup
  - Impacts on CA of Climate Change
  - Builds on CEC Climate Science Effort and PNAS Study

# What is Cap and Trade?

- Market-based policy to reduce emissions to a specific limit: the cap.
- Specific entities are under the cap. Entities must hold “Emission Allowances.”
- Emission Allowances may be traded: the trade portion of cap and trade.

# Why Consider Cap and Trade?

- Efficiency: Emission limit achieved at least cost
- Certainty of Emissions: Total emissions limited to the cap; The cap can be lowered over time to the target levels
- Flexibility: Allows flexibility regarding how best to reduce emissions; Allows for innovation.

# Discussion Draft -- Program Design Options

- Discussion Draft available for review and comment
  - Subgroup discussion document
  - Climate Action Team will draw from Subgroup effort
- This meeting:
  - Brief overview of four areas, Scope, Allowance Distribution, Offsets, Other Considerations
  - Comments and dialogue for each area
- Additional comments may be provided in writing through October 31, 2005